

Markets & Business

GaAs faces radar SiGe competition by 2007

GaAs device demand from *Auto RADAR Applications*, authored by Asif Anwar of Strategy Analytics, predicts that short and long-range distance warning systems will become increasingly common features in passenger vehicles. Ultrasonics, camera & radar will be used extensively, but only radar will find applications in both short and long-range applications.

Major vehicle manufacturers looking to use auto radar include Daimler Chrysler, Ford, GM and Toyota. For the 2002-07 time-frame of this report, GaAs technology will be the primary technology in auto radar sensors.

But it will start to face competition from SiGe. GaAs IC demand from auto RADAR will grow at a CAAGR of 65% through to '07 when the semiconductor boom is predicted to be in its traditional slump.

(See GaAs boosted Page 32)

Pacific container rate hike impacts gas prices

Air Liquide America L.P. has increased schedule prices for all bulk and cylinder products in liquid and gaseous form in Hawaii, effective December '03. The company will also remove discounts from schedule for bulk and compressed gases from this date, or as customer contracts allow. Schedule prices for bulk increase by 15%, cylinder products by 4% to 12%. Delivery fees will increase as well, with the amount depending on geography. "Double-digit increases in shipping costs, in combination with fluctuating gasoline and diesel fuel costs, have forced us to increase schedule prices," says region manager Colin Gerrard, noting that Pacific international container rates rose by \$700 per container during the past 12 months.

€2bn funding recommended for EU research

The Expert Group briefed to advise the EU Council of Ministers on the establishment of an European Research Council (ERC) has delivered its final report. This calls for the establishment of a European Fund for Research Excellence, with the ERC managing the fund.

"The first and main task for the ERC should be to support investigator-driven research of the highest quality, selected through European competition," it says.

The experts recommend an ERC budget of €2bn per year, and suggest the ERC should be

funded through the next centralised EU Framework Programme for research funding.

"The ERC should primarily be a funding body for basic research and should cover all fields of science," the report says.

"It should... use a rigorous and transparent peer review process in deciding which research proposals to fund [and] encourage interdisciplinary and risk-taking projects, especially in emerging research areas."

Experts feel that, in terms of both money and coordinating science in Europe, it is important that national governments get involved in funding and also

urges that the ERC will need to be properly coordinated with existing scientific bodies and structures.

But some scientists oppose the plan. Their criticism being that bureaucracy and enforced networking have been counterproductive to Europe's R&D.

The issue is to be presented and debated at the EU Parliament in February 2004. The European Commission intends to present its own funding proposals in March 2004.

The establishment of any proposed ERC however, is not likely until 2007.

Finances pick up

In a joyful flood of exceeded guidance releases, AXT, Robotic Vision Systems, MKS Nanometrics and others have opened 2004 with good cheer.

Compound substrates manufacturer, AXT Inc expects revenue of approximately \$9.1m for 4Q, 2003. Primary markets served by AXT substrates, including wireless handsets and red and yellow LEDs, are expected to grow during 2004.

Robotic Vision Systems Inc has reported 4Q revenues of \$13.4m compared to \$10.1m in 3Q '03 and \$14.8m in 4Q '02. Net loss in fiscal 4Q 03's was 27c/share; compared to a net loss of \$26c/share in Q3 '03; and \$1.62c/share in Q4 '02. Fiscal 2003 revenues were \$43.4m compared to \$59.2m in 2002. The net loss was \$30.1m or \$2.44/share in '03 compared to \$41.7m, or \$4.19/share in '02.

MKS Instruments Inc will beat its estimates for Q4 2003, with a

double-digit increase in revenue in Q1. The control and metrology equipment maker expects Q4 sales in the \$97-\$99m range against the \$85-\$89m guidance offered with October Q3 earnings. The company reported Q3 sales of \$81.6m. MKS expects its net loss in Q4 to be in the range of 3-5c/share, down from loss guidance of 8-11c /share.

Excluding amortisation of intangible assets worth \$3.6m and restructuring charges at \$2m, it expects Q4 income of 6-8c/share. Preliminary Q1 revenue is in a range of \$108-\$112m. MKS plans to publicly offer 2m shares of common stock, in conjunction with 5m shares common stock being offered by certain stockholders.

Nanometrics Inc, supplier of advanced integrated and stand-alone metrology, expects to exceed 4Q 2003 guidance. Revenue growth is expected in the range of 15%-20%

sequentially over 3Q 2003. Previous guidance was revenues in the range of flat, to up 10% from 3Q levels.

Celeritek revenues at \$7.7m in its 4Q for 2003 was slightly up on its previous quarter revenue of \$7.1m, but down on the year ago figure of \$10.5m. Its net loss of \$3.1m, 25c/share compares with a net loss of \$10.1m, or 82c/share a year ago. Included in the 4Q net loss was a \$1.9m special charge from exiting the wireless handset power amplifier market. Semiconductor revenues were \$3m, subsystems contributing \$4.7m. Q1 revenues will be \$7m-\$8m. Celeritek received a \$1.7m order for a power amplifier module development for satellite handsets, production forecast for 2005, and took its first order for an integrated aerospace application. It has also introduced a new family of gain blocks.